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Selected Information on Consumer Welfare in the USSR

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1. All Income--Disparities in Money Income

Some individuals in the Soviet Union regularly earn nearly 20 times as much money per month as the average worker and about 65 times as much as the lowest-paid worker (see Table 1). These disparities, which are deliberately fostered by the leadership,⁸ become even greater when calculated in terms of overall income net of taxes. The rich are able to add proportionately more to their regular money income than the poor through bonuses and such non-monetary perquisites as housing privileges, etc., while bearing proportionately less of the tax burden.^{1/}

At the top of the income scale are found artists, authors, academics, and high officials of government and party, as shown in Table 1. Somewhat lower are factory directors and highly skilled workers, assembly workers, etc. At the bottom fall various types of unskilled workers like sweepers, night watchmen, cleaning women and messengers.

Also near the bottom are found collective farmers. The monthly income of an average collective farmer (not shown in Table 1) is estimated to be about 105 rubles, or only one-quarter that of the average worker.⁹ In respect to total income, however, he stands in a more favorable position. In contrast to the worker, he derives a considerable proportion of his total income--probably one-half or even more--from income in kind, and his total income may therefore be as high as 130 rubles a month, or almost one-half that of the average worker.

⁸ Theoretical pronouncements explicitly sanction inequalities as a necessary characteristic of the "socialist" stage in the development of a Communist state; wage-policies put this point of view into practice, as indicated in section 2 below. ^{2/}

⁹ The estimate is a crude one, obtained by doubling total money income received by the collective farms (officially reported as 49.0 billion rubles in 1955 ^{1/}), and dividing by an estimated 50 million collective farm workers. The money income of the collectives has been inflated to allow for money income which the individual farmer receives from other sources, notably sales on the free market. More refined computations indicate the results are on the liberal side.

Table 1

USSR: Some Indications of Disparities in Money Income 2/1953-1954
 (1953-1954) (Save where otherwise noted)

Category	Monthly Wage or Salary (in Rubles)	Comparisons with Wage of	
		Average Worker	Lowest-paid Worker
Head of Research Institute (1950) 4/	13,000	19. times	65. times
Skilled Miner (1940-9) 5/	5-10,000	7.-15. times	25-50. times
Director of Automobile Factory (1952) 6/	7-8,000	10.-12. times	35.-40. times
Opera Star 7/	6-7,000	9.-10. times	30.-35. times
University Professor 8/	6,000	3.9 times	30. times
Director of Candy Factory 9/	4,000	5.9 times	20. times
Highly skilled worker 10/	2,000	3.0 times	10. times
Store Saleswoman (1951) 11/	900	1.3 times	4.5 times
Average Industrial Worker 12/	790	1.2 times	4.0 times
Average worker (est.) 13/	675	1.0 times	3.4 times
Unskilled worker 14/	600	0.4 times	3.0 times
Engineers, Night watchmen (1950) 15/	350-450	0.5-0.7 times	1.0-2.3 times
Lowest-paid worker (est.) 16/	200	0.3 times	1.0 times

- a. A few of the figures in this table refer to years prior to 1953-54. These are included because disparities of the order they suggest are believed still to exist.
- b. It was stated that the average industrial wage in 1953 was 219 percent that of 1940. 12/ This percentage has been applied to a 1940 figure of 4,320 rubles per year, which has been derived by taking the planned figure for 1941, or 4,530 rubles per year, and deflating in the light of the 6 percent by which planned 1941 wages are believed in general to have exceeded actual 1940 levels.
- c. The average wage for 1940 (all categories of wages and salary earners) was officially given as 4,054 rubles per year. On the supposition that the average for the aggregate rose somewhat less than the average for workers in industry alone, this figure has been increased by 100 percent (as against 119 percent for latter--see previous footnote) and the result rounded, to obtain counterpart for 1953.
- d. Based on estimates for 1950 ranging from 190 to 200 rubles per month. 13/ The assumption has been made that the wage of the lowest-paid worker increased slightly between 1950 and 1953.

2. Wages

a. Classification

Income disparities among workers are of several different orders: between sectors of the economy, between groups within industry as a whole, between different types of work in a given industry or between different areas in which a given type is performed. This brief has limited itself to a few short comments on each of these.

Between the best-paid and worst-paid sectors of the economy in 1988, construction and agriculture respectively, the disparity was almost 3 $\frac{1}{2}$ to 1. 14/ In 1955 it had narrowed almost to 2 to 1. 15/ No later data are known directly comparing sectors.

Within industry as a whole the disparity between the highest and lowest-paid workers in 1974 was about 20 to 1. 16/ Since 1934 inequalities in industry are believed to have increased, 8 years in 1950 estimating the ratio between top and bottom as 10 to 1 or even higher. 17/ Table 1 reproduces the specific estimates ("Skilled Miners" and "Lowest-paid Worker") upon which this ratio is based. Inasmuch as the wage structure has remained essentially stable since 1950, 18/ the current disparity between top and bottom workers in industry is believed to be of the general order of magnitude of this ratio.

Within a given industry, wages may be based on either time or piece rates. Payment according to the latter is the more favored and the more prevalent method. 19/ On both bases, wages are further differentiated by both region and skill category. Exemplifying these differentiations are the 1950 schedules of time and piece rates for the Ministry of the Timber and Paper Industries shown in Tables 2 and 3. Local differences, as shown there, are substantial, rates for the top zone being from

Table 2

USSR: Time Rates for the Pay of Labor in the Ministry of the Timber and Paper Industries g/ 1979

Rubles per Month (unless otherwise indicated)									
Subcategories									
Zone		I	II	III	IV	V	VI	Ratio of VII to I	
I	g/	10-08	10-08	11-95	13-05	15-05	18-02	22-98	2.24 times
II	g/	9-60	10-03	11-05	12-76	14-07	17-02	20-00	2.17 times
III	g/	8-92	9-38	10-00	11-07	13-51	15-01	18-63	$\frac{2.07}{2.02}$ times
IV	g/	8-04	8-63	9-34	10-39	12-25	14-01	16-45	2.00 times
Ratio of I to IV		1.25 times	1.26 times	1.25 times	1.31 times	1.30 times	1.33 times	1.40 times	

- For the pay of labor of time-wage workers, employed in the system of enterprises of the Ministry of the Timber and Paper Industries of the USSR for logging, floating, etc." 20/
- Includes, among other areas, Primorski and Khabarovsk Krajs.
- Includes, among other areas, Novosibirsk, Chelyabinsk, Moscow and Leningrad Oblasts.
- Includes, among other areas, Baibichovsk and Saratovsk Oblasts.
- Includes, among other areas, the Moldavian SSR.

Table 3

USSR: Piece Rates for the Pay of Labor in the Ministry of the Timber and Paper Industries g/ 1970

Rubles per Month (unless otherwise indicated)									
Subcategories									
Zone		I	II	III	IV	V	VI	Ratio of VII to I	
I	g/	11-33	12-03	13-09	15-53	17-94	21-44	25-94	2.29 times
II	g/	10-53	11-05	12-07	14-05	16-94	19-44	23-90	2.22 times
III	g/	9-73	10-07	11-04	12-97	15-23	17-44	21-02	2.15 times
IV	g/	8-95	9-39	10-02	11-09	13-53	15-05	18-46	2.09 times
Ratio of I to IV		1.27 times	1.28 times	1.30 times	1.33 times	1.33 times	1.35 times	1.39 times	

- These represent the remuneration for a day's piece-work as defined by specific norms set for the particular function. 21/
- For examples of areas included in this zone, see corresponding footnotes in Table 2.

25 percent to 40 percent greater than rates for the bottom group. Differences in skill categories are even greater, rates for the top category being between 2 and 2½ times as great as rates for the bottom category. Piece rates are generally higher than time rates, their annual and work-category differentiations also being somewhat greater. Further examples of grade and social differentials are to be found in certain publications of the Bureau of Labor Statistics. ^{22/} One of these contrasts Soviet and American differentials in the hourly wage rates of production workers in the steel industry, finding Soviet rates between highest and lowest skill levels to be about 3.5, as contrasted with an American counterpart of about 2.5 to 2.

Real Costs.

Tables 4 and 5 contain estimates of real costs to the average Soviet worker of a selected food basket and selected consumer goods, "costs" being given in terms of work time required to buy

Table 4 estimates the time an average Soviet worker had to work in 1974 in order to buy a food basket which, according to results of an official survey, represented the typical consumption pattern of an average Soviet worker's family in 1925, and compares this with the time he had to work to buy the same basket in 1925.^{23/} The Table shows that this worker in 1974 had to work about 3½ hours a week, or more than two-thirds his total work-week of 48 hours, to buy the designated basket. It shows, furthermore, that this represents an expenditure of time almost 30 percent more than that required in 1925. Exclusion of prices other than State prices would probably show an even greater disparity between the two years.

Table 4

USSR: Approximate Worktime Required to Buy a Week's Supply of Selected Foods at State-Fixed Prices in Moscow, April 1, 1928, and April 1, 1954 g/

Food	Price (in rubles)		Quantity consumed per week by 4- person family g/	Approximate Worktime g/ In Hours		
	1928 b/	1954 g/		1928	1954	1954 compared with 1928
Rye bread, 1 kg.	.080	1.24	9.84 kg.	2.71	3.69	1.36 times
Potatoes, 1 kg.	.085	.75	12.16 kg.	3.96	2.76	0.78 times
Beef, 1 kg.	.870	12.60	3.68 kg.	11.04	14.01	1.27 times
Butter, 1 kg.	2.430	26.75	.44 kg.	3.69	3.96	0.96 times
Sugar, 1 kg.	.620	9.09	1.80 kg.	3.85	4.94	1.28 times
Milk, 1 liter	.063	2.20	4.96 liter	1.08	3.30	3.06 times
Eggs, per 10	.200	6.81	6.40 units	.44	1.33	3.02 times
ALL 7 FOODS - - - - -				26.37	33.99	1.27 times

- a. An adaptation of a table in a monograph by US Department of Labor. 25/ 1954 average wage figure of 77 rubles per month (about 3.31 per hour), which is the figure used in Table 1 of this report, has been substituted for source's unofficial estimate of 600 per month, and worktime figures for this year appropriately adjusted. This has been done to make an estimate which, all relevant fragments of information taken into account, is almost certainly close to the true figure but on the liberal side. Because of this, and because also no consideration has been given to non-State prices (which exceeded state prices in 1954, and are believed to have done so by a larger measure than in 1928), the results shown in this Table are unquestionably understatements. Since there was no price reduction on April 1, 1955, and wages changed little between April 1, 1954 and April 1, 1955 (they probably continued their slow rise), the conclusions of this Table, practically speaking, are about as valid for the spring of 1955 as for the preceding spring.
- b. Official Soviet prices from the People's Commissariat of Labor, as transmitted to the International Labor Office. 26/ These prices were lower than those in private trade, which played a large role in workers' consumption, and their use may somewhat inflate the workers' real purchasing power at that time. On the other hand, it appears that Moscow food prices were noticeably higher than the national average in 1928; but Moscow goods were superior in quality. 27/
- c. Official Soviet prices are taken from the first price-fixing Decree of the USSR Council of Ministers, December 14, 1947, 28/ and are adjusted in conformity with the six percentage price reductions introduced by Decrees of February 23, 1949; February 28, 1950; February 28, 1951; April 1, 1952; April 1, 1953; and April 1, 1954. Moscow prices are on a slightly higher level than average prices for the USSR. 29/ Prices of potatoes are not given in these decrees; before April 1954, according to reliable observers, they ranged from .45 to 1.00 ruble per kilogram in Moscow state stores; the figure here used is in the middle of the range.
- d. Weekly consumption figures per person in 1928 are from the International Labour Office. 30/ The average worker's family in 1928 was 4 persons. 31/
- e. The worktime is computed by multiplying quantity consumed by price and dividing the product by average hourly earnings. The legal Soviet work month is approximately 204 hours (six 8-hour days a week with allowance for holidays). In 1928, official national average earnings were 703 rubles per year, 32/ or .29 ruble per hour; in 1954, the estimated national average earnings were about 673 rubles a month, or about 3.31 rubles per hour.

Table 3

USMR: Approximate Worktime Required to Buy Selected Commodities at Fixed State Store Prices in Moscow (April 1, 1974) and New York City (March 15, 1974) g/

Commodity and Unit	Price $\frac{1}{2}$ (Rubles)	Approximate Working g/		Moscow Compared with New York
		Moscow	New York City	
<u>Foodst:</u>				
Rye Bread, 1 kg. (2.2 lb)	1.24	23 min	13 min. $\frac{1}{2}$	1.8 times
Potatoes, 1 kg.	.75	14 min	2 min.	3.6 times
Beef, average qual., 1 kg.	12.60	229 min	49 min.	4.7 times
Butter, second qual., 1 kg.	26.75	486 min.	57 min. $\frac{1}{2}$	3.5 times
Sugar, 1 kg.	9.09	165 min.	7-1/3 min.	23. times
Milk, 1 lit. (1.06 qt.)	2.20	40 min.	8-1/3 min.	4.8 times
Eggs, per 10	6.88	125 min.	18 min.	6.9 times
Tea, 100 grams (3 $\frac{1}{2}$ oz.)	9.33	170 min.	9 min.	19. times
<u>Men's Wear:</u>				
Shirts, printed Cotton, each	66.00	20 hrs.	1 hour	20. times
Socks, part rayon, pair	10.00	3 hrs.	18 min.	10. times
Suits, wool, single-breasted, each	1,100.00	42 days	3 days	14. times
Overcoats, wool, each	1,100.00	38 days	3 days	12. times
Shoes, black calf, pair	290.0	11 days	1 day	11. times
<u>Women's Wear:</u>				
Dresses, cotton, each	52.00	16 hours	2 hours	8.0 times
Suits, wool, each	515.00	19 days	21 hours	7.2 times
Shoes, leather, pair	185.00	7 days	5-1/3 hours	11. times
<u>Other Commodities:</u>				
Soap, toilet, 100 gram cake (3 $\frac{1}{2}$ oz)	1.16	21 min.	3 min.	7.0 times
Radio, 6 tubes, table, each	765.00	29 days	13 hours	18. times
Vodka, 0.75 liter (1/5 gal.)	22.40	7 hours	2-1/3 hours	3.0 times
Tobacco, 50 gr. (1-3/4 oz.)	.82	15 min.	6 min.	2.5 times

- a. An adaptation of table in monograph by US Department of Labor. 13/ Soviet average wage figure of 675 rubles per month (about 3.31 per hour), which is the figure used in Table 1 of this report, has been substituted for source's unofficial estimate of 600 per month, and Soviet worktime figures adjusted appropriately. This has been done to obtain an estimate, which, all relevant fragments of information taken into account, is almost certainly close to the true figure on the liberal side. See cause of this, and because also no consideration has been given to free market prices (which were considerably higher than State prices), the results shown by the Table are unquestionably understatements. Since in the US prices have remained steady while wages have slowly risen, and since substantially the same development has occurred in the Soviet Union, as explained in Table 4, footnote g/ the conclusions of Table 5, practically speaking, are as valid for the spring of 1955 as for the preceding spring.
- b. See Table 4, footnote b/
- c. Soviet worktime has been computed on the basis of the legal 204-hour month (six 8-hour days a week with allowance for holidays) of the majority of Soviet workers, and on estimated average earnings of 675 rubles a month. New York City worktime has been computed on basis of prices in New York on March 15, 1954, and on average gross earnings in mid-February of \$1.95 per hour of production workers in manufacturing. The manufacturing figure is used because of the unavailability of nonagricultural earnings data for New York City. However, the difference between these manufacturing and nonagricultural figures is not significant for the Moscow-New York comparisons.
- d. For white bread.
- e. First quality (92-93 % score).

While the comparison is thus probably an understatement, given the terms in which it is cast, the limits to these terms should be strictly identified. It is particularly important to remember that the comparison says nothing about actual food budgets in 1954--and the ratio of actual food expenditures to total expenditures in that year was probably lower, and closer to 60 percent. Also, the comparison says nothing about total family income--and it is known that with the increase in number of workers per family, total family income increased at a rate greater than that of individual workers. Finally, the comparison says nothing about intervening years--and the years since 1945 have witnessed a steady improvement in the status of the Soviet worker as measured in this fashion.

Table 1 compares the average Muscovite and New York workers in respect to approximate working time required to buy selected consumer goods. These comparisons, too, should be understood within the strict limits of the terms in which they are cast.

Collective Farmers: Disparities in Money Income

The money income of a collective farmer in the USSR comes from three sources: sales of his individual household produce on the collective farm; ^{market} sales and deliveries to government procurement agencies, and payments for work performed as a member of the collective. Little specific information has been found on disparities in income from the first two of these sources, although it is generally known that sales on the farm market vary widely, due to differences in accessibility of the market and other such features. Data on disparities in income from the third source have, however, been found, and are believed to provide a fair gauge of general differentials.

Work performed for the collective is remunerated on what amounts to a piece-rate basis. Various specific tasks are graded according to presumed qualitative and quantitative differences and valued in terms of an arbitrary common denominator called a work-day, or *trudodень*. Working on one of unions, for instance, may be assigned a value five times as much, or two and one-half work-days. The monetary value of a work-day unit for a specific farm is then arrived at by dividing the total number of work-day units for all members of the farm into the total net farm income, and the individual worker paid accordingly. Differences in the different monetary payments for the work-day on various farms and in various areas thus give a measure of income differentials.

Tables 6 and 7 exhibit some of these differences. Table 6 contrasts work-day values (not work-day payments to the individual kolkhoznik) for various types of agricultural endeavour: the figures having been derived by dividing total gross income of the designated groups of collective farms from deliveries and sales to the State by total number of work-days expended. Table 7 contrasts actual cash payments per work-day. Table 6 is based directly upon official data, and specifically upon statements by Khrushchev. Table 7 comes from a semi-official source. In the case of both Tables, the figures speak for themselves. Particularly interesting is the nearly 5 to 1 disparity between work-day payments of the most prosperous and least prosperous units of Moscow Oblast mentioned in Table 7. Since this disparity separates extremes within Moscow Oblast only, and the low extreme is an entire rayon rather than an individual collective farm, it can safely be considered an understatement of the extreme disparity between individual collectives in the country as a whole.

Table 6

USSR: Disparities in Collective Farm Work-Day Values in Various Areas and for Various Groups in 1973 a/ 11/

Area	Crop	Work-Day Values (Rubles)		Comparisons With Lowest Value
Central Asian Republics	Cotton	Top Rate	36	9.0 times
Central Asian Republics	Cotton	Average Rate	26.5	6.6 times
USSR	Technical Crops	Average Rate	18	4.5 times
Central Asian Republics	Cotton	Low Rate	17	4.3 times
Ukrainian Republic	Sugar Beet	Average Rate	12	3.0 times
North Caucasus	Grain	Average Rate	8	2.0 times
USSR	Animal Husbandry	Average Rate	5	1.3 times
Ukrainian Republic	Animal Husbandry	Average Rate	4	1.0 times

a/ Basis of calculation is described in text.

Table 7

USSR: Disparities in Work-Day Payments in Cash on Collective Farms in Moscow Oblast 11/ 1945-50 Averages 1/

Kolkhoz or Area a/	Comparisons With Work-Day Payments in Cash for Oblast as Whole	
	Muzraisk Region	
Vostochny Kolkhoz, Lenin Rayon	18.3 times	49.2 times
Lenin Rayon	4.0 times	16.0 times
Polevsk Kolkhoz, Dmitrov Rayon	3.2 times	12.8 times
Stalin Kolkhoz, Kuznetsk Rayon	2.2 times	8.8 times
Kolovsk Rayon	1.0 times	4.1 times
Oblast average	1.0 times	4.0 times
Dmitrov Rayon	0.8 times	3.2 times
Lysenka's Rayon	0.5 times	2.0 times
Kuznetsk Rayon	0.25 times	1.0 times

a/ There are 57 Rayons in Moscow Oblast. There were 6,049 Kolkhozes before the amalgamations of 1950, 1,568 afterwards.

(all unclassified)

1. See, in this connection, Billy, Sir David, "Communist Espionage," London Sunday Times, 16 Jan 75.
2. For exemplary theoretical presentation see Stalin's speech at 17th Party Congress in 1954, quoted in Gorbey, Michael, Man in Moscow, New York, Knopf, 1972, p. 122. For recent discussion of wage policies, see Epstein, M., "Wage Policies According to Labor--An Economic Law of Socialism," Soviet Economics, No. 6, June 1974, pp. 18-21, which is translated from the Soviet Journal of the Soviet Press, Vol. VI, No. 30, 8 Sep 74, p. 6.
3. Harvey, Kenneth, No. 11, 1974.
4. Schwartz, Harry, Russia's Soviet Economy, New York, Foundation Hall, 1970, p. 407.
5. Idid, citing following sources: Pravda 8 Dec 49; Ispravka, 1 Sep 49; Trud, 1 Jan 49; and Pravda, 26 Jul 49.
6. Romoff, Jean, La Russie de V. I. Lénine, Paris, Presses Universitaires, 1974, citing Bulletin of the Oxford University Institute of Statistics, Sep-Oct 1972.
7. Current Digest of the Soviet Press, Vol. VII, No. 3, p. 22, citing Pravda, 9 Jan 75, p. 2. The article in Pravda criticizes high salaries of opera stars, alleging one such star received 120,000 rubles for 14 performances--which presumably covered 14 weeks. This is described as 25 times "the rate." Rate is therefore computed as 4,800 rubles for a three-week period, or between 6,000 and 7,000 rubles a month.
8. Romoff, op.cit. quoting La Miroir for 5 Dec 1953.
9. Latvian Regional (Red o) Service, Riga, 26 Mar 74, cited in FEIN, Daily Report: USSR and Eastern Europe, 20 Apr 74, p. B6 6 (Official Use Only). Figures cited are implicitly averages for groups designated.
10. Romoff, op.cit. quoting Pravda, June 1972.
11. Schultz, T. and Viles, P., "Earnings and Living Standards in Moscow; II - A Rejoinder," in Bulletin of Oxford University Institute of Statistics, Sept. 1973, quoting Gorbey, op.cit., Chapter XIV.
12. Speech in Soviet of Nationalities, 27 Apr 74, as quoted in FEIN, Daily Report: USSR and Eastern Europe, 20 Apr 74, pp. CC-12 (Official Use Only).
13. Schwartz, op.cit., p. 406.
14. Idid, p. 424, quoting Socialisticheskaya Ekonomika 1972, pp. 512-3.
15. See: idid.
16. Idid, p. 465, quoting Burgess, Adam, The Structure of Soviet Power, Cambridge, Harvard Univ. Press, 1946, p. 225.
17. Idid, p. 466.
18. Schwartz and Viles, op.cit., p. 382.
19. Epstein, op.cit., pp. 6-7 in translation.
20. Kryukov, M.S., Ekonomika na Sotsialisticheskii Slozhenii, Moscow, Gosstatizdat, 1970, pp. 5-6.
21. Idid, pp. 7-8.
22. For instance, Pravda on Labor, Soviet, No. 27, Aug 1972.
23. Idid.
24. For estimate of changes in real wages, 1928-1972, see Chapman, Janet, "Real Wages in the Soviet Union 1928-1972," Soviet Journal of Economics and Statistics, May 1974, p. 134.

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25. Bureau of Labor Statistics, "Purchasing Power of Soviet Workers, 1954," April 1954, Table 2.
26. International Labor Review, Vol. 12, October-November 1952, pp. 637-646.
27. Jassy, Sam, The Soviet Economy Review, Feb 1954, Stanford Univ., Press, 1951, p. 127.
28. Pravda, 14 Dec 1947, For full list of goods and prices see Department of Labor, Bureau of Labor Statistics, Index on Labor Award, Feb 1948.
29. Jassy, ibid., p. 106.
30. International Labor Review, Vol. 12, October-November 1952, p. 639.
31. Schwartz, Solomon, Labor in the Soviet Union, New York, Praeger, 1952, p. 145.
2. Trud v USSR, Moscow, 1957, p. 17.
1. Bureau of Labor Statistics, "Purchasing Power of Soviet Workers, 1954," April 1954, Table 3.
3. For other Soviet American work-time comparisons, see State/OSR, Soviet Affairs Review, No. 154, 30 Oct 53, pp. 2-3.
4. Krushchev, N.S., Report to Central Committee of CPSU, "On Measures for Further Development of the Agriculture of the USSR," 3 Aug 53, as found in Joint Press Working Service, Moscow Daily Press Review, No. 256, 13 Aug 53, Section 2.
5. From Table 7 of A. Howe and Roy D. Laird, "Building Agriculture in the Moscow District," The American Slave and East European Review, Dec 1954, p. 501; all figures have been given or implied by Karmov in Socialisticheskaia sel'skoy khozyaystvo, No. 5, 1952.